

Agenda

July 13, 2004, 10:15 a.m. – 4:00 p.m.

Foley & Lardner LLP, 321 N. Clark St., Suite 2800, Chicago[†]

- I. Procedural Matters
 - Open process / encouragement of free dialog
 - Consensus principles – applicability of traditional settlement discussion rule to non-consensus items and “brainstorming” of issues and alternatives
 - Anti-trust compliance
- II. Submission of Reports (separately distributed documents)
 - June 8 RWG Meeting Proposed Report – for discussion and approval (second reading)
 - June 29 RWG Meeting Proposed Report – for discussion and approval

**** Lunch Break. The discussion of Competitive Interaction issues will begin after the lunch break (~1:30 p.m.) to permit members of the Competitive Issues WG to join us.

III. Continued discussion of Competitive Interaction Issues

The draft consensus items appearing in **blue type** below are based on discussion at the RWG’s June 29 meeting. These items remain open for full discussion. Several notes are included in black type below to reflect (without limitation) specific concerns that remain under discussion.

50) Should rates for customers who return to bundled service be different from the rates offered to basic bundled service customers? Do customers who move back and forth between bundled services and delivery services cause additional costs that should be charged only to those customers?

In addition, to discussing the language, we will discuss some participants’ expressed concern about the possibility of subsidizing switchers if a single price is used.

Under Scenarios 1 and 2, if the switching and volume risk is priced into the RFP or auction bid and borne by the wholesale supplier, then there is no need for commodity charges to customers returning to “bundled” service to differ from those applicable to customers who have never left “bundled” service.

Other procurement Scenarios, including traditional cost-of-service models, may include rates under which returning customers pay commodity charges reflecting the incremental cost of their return to utility commodity service. Those costs may be recovered through a “return fee.” A minimum stay or exit fee may also be employed to mitigate any incremental costs of return. Recovery of incremental

[†] **NOTE:** As in the past, a video link will be available to the ICC’s Springfield office.

commodity costs incurred by reason of the option to return, prior to the exercise of that right, is addressed in an earlier consensus item; the RWG did not reach consensus on whether such costs can properly be assigned to other customers.

51) *Should customers returning to bundled service be put on time-based rates as their default option, under opt-out conditions?*

We will open the discussion with a report from Staff on whether there is any additional information on what the Question's author intended by "opt-out conditions."

The Utility Service Obligations WG has discussed the nature of the utility services available to migrating customers upon their return to utility commodity service. The RWG will consider how the various Scenarios may affect the rate design of the various services that may be offered by utilities to such customers.

Under procurement Scenarios where the risks and costs of migration are built into the bid price in an undifferentiated manner, retail customers should be able to come to and go from the standard offer service or "bundled" rate applicable to their class. The RWG notes that the switching rules must be known by and consistent with the terms of the auction and/or RFP bids.

Under procurement Scenarios where the risks and costs of the migration of customers able to return to the standard offer service or "bundled" rate are not built into undifferentiated supply bid prices (e.g., vertical integration, an RFP with explicitly higher costs for intra-period returning customers), options include: (a) placing such customers on RTP rates, (b) assessing a returning customer charge, and/or (c) employing a rate design that incorporates an exit fee and/or minimum stay requirement.

59) *In the IDC model, the marketing of services by a distribution utility is significantly limited. How does this impact the offering of new rate structures or services, such as real-time pricing, which bring system benefits but which are unfamiliar to consumers and require education and marketing to be successful?*

The RWG acknowledges that customer education is an important function. The RWG reached no consensus that any IDC rule revisions are required, and notes that this question is being addressed by the Competitive Issues WG. However, the RWG understands that the law does and should allow an IDC to respond to customer inquiries concerning existing tariffed services including RTP and other discretionary products (e.g., a green product) as this helps bring the benefits of efficient wholesale competition to all customers. Marketing and solicitation of customers however should continue to be restricted as provided by law.

IV. Next steps

- . Future meetings
 - 0. July 20 – Procurement Working Group Forum
 - 0. July 27 – Discussion of Demand Response, Efficiency, Renewables Issues
- A. Other